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# Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00
FRB-01 OMB-01 ITC-01 USIA-15 AID-05 NSC-05 SS-15
CEA-01 L-03 H-02 PA-02 PRS-01 /091 R

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----------049119 232034Z /61
R 230313Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EAGR, ERTD

SUBJECT: SUGAR: JOURNAL OF COMMERCE ARTICLE

TO LONDON FOR KATZ

FOLLOWING ARTICLE APPEARED ON FRONT PAGE OF JOURNAL OF COMMERCE ON JULY 22, UNDER BI-LINE OF RICHARD LAWRENCE UNDER TITLE QUOTE CARTER TO MAINTAIN U.S. SUGAR PROGRAM UNQUOTE.

BEGIN TEXT: PRESIDENT CARTER HAS DECIDED TO MAINTAIN THE ADMINISTRATION'S SUGAR PROGRAM OF TWO CENTS A POUND GROWER PAYMENTS, AGAIN REJECTING CALLS FOR TIGHTER IMPORT CURBS.

ADMINISTRATION AIDES, HOWEVER, ARE SUGGESTING THAT THE PRESIDENT MAY INCREASE THE PAYMENTS BEYOND TWO CENTS, TO WHATEVER IS NECESSARY TO GIVE SUGAR GROWERS A 13.5 CENTS
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RETURN.

A HOUSE WAYS AND MEANS SUBCOMMITTEE, MEANWHILE, SAID IT WILL HOLD PUBLIC HEARINGS WEDNESDAY ON A RESOLUTION TO OVERRIDE THE PAYMENTS PROGRAM AND INSTITUE IMPORT QUOTAS RECOMMENDED BY THE INTERNATIONAL TRADE COMMISSION (ITC).

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A RESOLUTION TO THAT EFFECT HAS BEEN INTRODUCED BY
REP. GEORGE HANSEN, R-IDAHO, AND COULD BE CALLED UP FOR
A HOUSE FLOOR VOTE AT ALMOST ANY TIME. A SIMILAR RESO-
LUTION ALSO IS PENDING IN THE SENATE.

IT WOULD TAKE A MAJORITY VOTE ON BOTH THE HOUSE AND SENATE
FLOORS TO SCRAP THE PRESIDENT'S "INCOME SUPPORT" SUGAR
PROGRAM FOR THE 4.275 OR 4.4 MILLION TON ANNUAL IMPORT
QUOTAS PROPOSED BY THE ITC.

MR. CARTER'S DECISION TO CONTINUE HIS GROWER PAYMENTS
PROGRAM, UNDER FIRE IN CONGRESS FOR BEING INADEQUATE,
RECONFIRMS HIS MAY PLEDGE TO TRY TO AVOID PRICE-BOOSTING
IMPORT CONTROLS. IT ALSO SUGGESTED THAT THE ADMINISTRATION
THINKS IT HAD ENOUGH VOTES TO THWART CONGRESSIONAL ATTEMPTS
AT SUGAR IMPORT QUOTAS.

SHORT TERM MEASURE: THE PRESIDENT ANNOUNCED THE TWO CENTS
A POUND GROWER PAYMENTS PROGRAM LAST MAY AS A SHORT-TERM
MEASURE TO HELP U.S. SUGAR PRODUCERS IN A DEPRESSED MARKET.
THE PAYMENTS PROGRAM, IT WAS INDICATED, WOULD CONTINUE
UNTIL THE U.S. AND OTHER MAJOR SUGAR TRADING NATIONS
NEGOTIATIED AN INTERNATIONAL PRICE-STABILIZING PACT.
TALKS ARE UNDER WAY IN LONDON THIS WEEK AND NEXT TO LAY
THE GROUND FOR A SUGAR AGREEMENT BY EARLY AUTUMN.

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IN ANNOUNCING THE PAYMENTS PROGRAM, MR. CARTER TURNED
ASIDE AN ITC RECOMMENDATION FOR SUGAR IMPORT QUOTAS THAT
WERE DESIGNED TO RAISE RAW PRICES TO 13 TO 14 CENTS A
POUND. THEY CURRENTLY ARE ABOUT 9 TO 10 CENTS.

BUT BOTH SUGAR AND CORN SWEETENER PRODUCERS HAVE BEEN
LOBBYING HARD ON CAPITOL HILL TO SCUTTLE THE PAYMENTS
PROGRAM AND IMPOSE IMPORT RESTRICTIONS.

BESIDES RESOLUTIONS TO OVERRIDE THE PRESIDENT AND ENFORCE
THE ITC'S QUOTA RECOMMENDATION, THERE ARE PROPOSALS IN
CONGRESS TO LIMIT THE PAYMENTS TO $50,000 PER PRODUCER,
WHICH PROBABLY WOULD HAVE THE EFFECT OF UNDERMINING THE
PROGRAM. THE HOUSE THURSDAY, HOWEVER, REJECTED SUCH
A PROPOSAL, ALTHOUGH IT HAD BEEN PASSED EARLIER IN THE
SENATE.

THE PRESIDENT'S TOP TRADE OFFICIAL, ROBERT STRAUSS, TOLD
A HOUSE SUBCOMMITTEE WEDNESDAY THAT THE PAYMENTS PROGRAM
IS "WHOLLY INEFFECTIVE" AND PERHAPS ILLEGAL. HE INDICATED
THAT THE ADMINISTRATION MIGHT TRY ANOTHER STOP-GAP
MEASURE, THOUGH HE ACKNOWLEDGED THAT QUOTAS OR OTHER

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IMPORT CURBS ARE "NOT REALLY GOOD."

LATER WEDNESDAY, THE PRESIDENT MET WITH MR. STRAUSS, AGRICULTURE SECRETARY BERGLAND AND OTHER TOP OFFICIALS, AND DECIDED TO HOLD THE LINE.

AFTER THE MEETING, THE AGRICULTURE DEPARTMENT URGED CONGRESS NOT TO TRY TO IMPOSE A NEW SUGAR POLICY ON THE U.S. GOVERNMENT WITHOUT FURTHER STUDY AND PUBLIC HEARINGS. THE CONSUMERS FEDERATION OF AMERICA, IN A SEPARATE STATEMENT, ECHOED THE PLEA. END TEXT. VANCE

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# Message Attributes

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**Subject:** SUGAR: JOURNAL OF COMMERCE ARTICLE TO LONDON FOR KATZ FOLLOWING ARTICLE APPEARED ON FRONT PAGE OF JOURNA
**TAGS:** EAGR, ETRD, SOPN
**To:** LONDON
**Type:** TE
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